

**ASSEMBLY BILL**

**No. 1677**

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**Introduced by Assembly Member Gomez**

February 12, 2014

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An act to add and repeal Article 2 (commencing with Section 70130) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code, relating to nursing education.

LEGISLATIVE COUNSEL'S DIGEST

AB 1677, as introduced, Gomez. Nursing education: service in public hospitals and veterans' facilities.

Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education.

Existing law establishes the State Nursing Assumption Program of Loans for Education, administered by the commission, under which any person enrolled in an institution of postsecondary education and participating in that loan assumption program is eligible to receive a conditional warrant for loan assumption, to be redeemed upon becoming employed as a full-time nursing faculty member at a California college or university.

This bill would establish a loan assumption program for employees of eligible public facilities, as defined to include state hospitals, state veterans' homes, members of the California Association of Public Hospitals and Health Systems, and California facilities administered by the federal Veterans Health Administration. This program would provide loan assumption benefits to persons who fulfill agreements to work full time for 4 consecutive years as clinical registered nurses or

licensed vocational nurses in eligible public facilities, as specified, that employ registered nurses or licensed vocational nurses. The program would provide for the assumption of up to \$15,000 annually of a qualifying loan for consecutive years of qualifying clinical registered nursing or licensed vocational nursing service, up to a total loan assumption of \$60,000.

The bill would require that, in any fiscal year, the commission award no more than the number of warrants that are authorized in the Budget Act for that fiscal year for the assumption of loans pursuant to the program. This program would become inoperative on July 1, 2020, and would be repealed on January 1, 2021.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 2 (commencing with Section 70130) is  
2 added to Chapter 3 of Part 42 of Division 5 of Title 3 of the  
3 Education Code, to read:

4  
5 Article 2. Service in Public Hospitals and Veterans' Facilities  
6

7 70130. (a) (1) Any person enrolled in an eligible institution,  
8 or any person who agrees to work full time as a registered nurse  
9 or a licensed vocational nurse in an eligible public facility that  
10 employs registered nurses or licensed vocational nurses, may be  
11 eligible to enter into an agreement for loan assumption, to be  
12 redeemed pursuant to Section 70131 upon becoming employed as  
13 a clinical registered nurse or licensed vocational nurse in an eligible  
14 public facility that employs registered nurses or licensed vocational  
15 nurses. In order to be eligible to enter into an agreement for loan  
16 assumption, an applicant shall satisfy all of the conditions specified  
17 in subdivision (b).

18 (2) As used in this article, "eligible institution" means a  
19 postsecondary institution that is determined by the Student Aid  
20 Commission to meet both of the following requirements:

21 (A) The institution is eligible to participate in state and federal  
22 financial aid programs.

1 (B) The institution maintains an accredited program of  
2 professional preparation for licensing as a registered nurse or  
3 vocational nurse in California.

4 (3) As used in this article, “eligible public facility” means any  
5 of the following:

6 (A) A state hospital administered by the State Department of  
7 State Hospitals.

8 (B) A state veterans’ home referenced in Section 1011 of the  
9 Military and Veterans Code.

10 (C) A public hospital that is a member of the California  
11 Association of Public Hospitals and Health Systems.

12 (D) A facility administered by the federal Veterans Health  
13 Administration and located in California.

14 (b) (1) The applicant has been admitted to, or is enrolled in, or  
15 has successfully completed, an accredited program of professional  
16 preparation for licensing as a registered nurse or vocational nurse  
17 in California. However, a person who is currently employed as a  
18 registered nurse or licensed vocational nurse in an eligible public  
19 facility may be eligible to enter into an agreement for loan  
20 assumption under Article 1 (commencing with Section 70100),  
21 but is not eligible to enter into an agreement for loan assumption  
22 under this article.

23 (2) The applicant is currently enrolled, or has been admitted to  
24 a program in which he or she will be enrolled, on a full-time basis,  
25 as determined by the participating institution. The applicant shall  
26 agree to maintain satisfactory academic progress and a minimum  
27 of full-time enrollment, as defined by the participating eligible  
28 institution.

29 (3) The applicant has been judged by his or her postsecondary  
30 educational institution to have outstanding ability on the basis of  
31 criteria that may include, but need not be limited to, any of the  
32 following:

33 (A) Grade point average.

34 (B) Test scores.

35 (C) Faculty evaluations.

36 (D) Interviews.

37 (E) Other recommendations.

38 (4) The applicant has received, or is approved to receive, a loan  
39 under one or more of the following designated loan programs:

1 (A) The Federal Family Education Loan Program (20 U.S.C.  
2 Sec. 1071 et seq.).

3 (B) Any loan program approved by the Student Aid  
4 Commission.

5 (5) The applicant has agreed to work full time for at least four  
6 consecutive years as a clinical registered nurse or licensed  
7 vocational nurse in an eligible public facility that employs  
8 registered nurses or licensed vocational nurses.

9 (c) No applicant who has completed fewer than 60 semester  
10 units, or the equivalent, shall be eligible under this section to  
11 participate in the loan assumption program set forth in this article.

12 (d) A person participating in the program pursuant to this section  
13 shall not enter into more than one agreement under this article.

14 70131. The commission shall commence loan assumption  
15 payments, as specified in Section 70132, upon verification that  
16 the applicant has fulfilled all of the following:

17 (a) The applicant has become a registered nurse or vocational  
18 nurse licensed to practice in California.

19 (b) The applicant is working full time as a clinical registered  
20 nurse or licensed vocational nurse in an eligible public facility that  
21 employs registered nurses or licensed vocational nurses.

22 (c) The applicant has met the requirements of the agreement  
23 and all other pertinent conditions of this article.

24 70132. The terms of a loan assumption granted under this  
25 article shall be as follows, subject to the specific terms of each  
26 agreement:

27 (a) After a program participant has completed one year of  
28 full-time employment as described in subdivision (b) of Section  
29 70131, the commission shall assume up to fifteen thousand dollars  
30 (\$15,000) of the participant's outstanding liability under one or  
31 more of the designated loan programs.

32 (b) After a program participant has completed two years of  
33 full-time employment as described in subdivision (b) of Section  
34 70131, the commission shall assume up to an additional fifteen  
35 thousand dollars (\$15,000) of the participant's outstanding liability  
36 under one or more of the designated loan programs, for a total loan  
37 assumption of up to thirty thousand dollars (\$30,000).

38 (c) After a program participant has completed three years of  
39 full-time employment as described in subdivision (b) of Section  
40 70131, the commission shall assume up to an additional fifteen

1 thousand dollars (\$15,000) of the participant's outstanding liability  
2 under one or more of the designated loan programs, for a total loan  
3 assumption of up to forty-five thousand dollars (\$45,000).

4 (d) After a program participant has completed four years of  
5 full-time employment as described in subdivision (b) of Section  
6 70131, the commission shall assume up to an additional fifteen  
7 thousand dollars (\$15,000) of the participant's outstanding liability  
8 under one or more of the designated loan programs, for a total loan  
9 assumption of up to sixty thousand dollars (\$60,000).

10 70133. (a) Except as provided in subdivision (b), if a program  
11 participant fails to complete a minimum of four consecutive years  
12 of full-time employment as required by this article, under the terms  
13 of the agreement pursuant to paragraph (5) of subdivision (b) of  
14 Section 70130, the participant shall retain full liability for all  
15 student loan obligations remaining after the commission's  
16 assumption of loan liability for the last year of qualifying clinical  
17 registered nursing or licensed vocational nursing service pursuant  
18 to Section 70132.

19 (b) Notwithstanding subdivision (a), if a program participant  
20 becomes unable to complete one of the four consecutive years of  
21 qualifying clinical registered nursing or licensed vocational nursing  
22 service due to serious illness, pregnancy, or other natural causes,  
23 the term of the loan assumption agreement shall be extended for  
24 a period not to exceed one year. The commission shall make no  
25 further payments under the loan assumption agreement until the  
26 applicable work requirements as specified in Section 70131 have  
27 been satisfied.

28 (c) If a natural disaster prevents a program participant from  
29 completing one of the required years of work due to the interruption  
30 of employment at the employing eligible public facility, the term  
31 of the loan assumption agreement shall be extended for the period  
32 of time equal to the period from the interruption of employment  
33 at the employing eligible public facility until the resumption of  
34 employment. The commission shall make no further payments  
35 under the loan assumption agreement until the applicable  
36 employment requirements specified in Section 70131 have been  
37 satisfied.

38 70134. (a) The commission shall administer this article, and  
39 shall adopt rules and regulations for that purpose. The rules and  
40 regulations shall include, but need not be limited to, provisions

1 regarding the period of time during which an agreement shall  
2 remain valid, the reallocation of resources in light of agreements  
3 that are not used by program participants, the failure, for any  
4 reason, of a program participant to complete a minimum of four  
5 consecutive years of qualifying clinical registered nursing or  
6 licensed vocational nursing service, and the development of  
7 projections for funding purposes.

8 (b) If a provision is added to this article and the commission  
9 deems it necessary to adopt a rule or regulation to implement that  
10 provision, the commission shall develop and adopt that rule or  
11 regulation no later than six months after the operative date of the  
12 statute that adds the provision.

13 70135. On or before January 31, 2016, and on or before each  
14 January 31 thereafter until, and including, January 31, 2020, the  
15 commission shall report annually to the Legislature regarding both  
16 of the following, on the basis of sex, age, and ethnicity:

17 (a) The total number of program participants and the type of  
18 program of professional preparation they are attending or have  
19 attended.

20 (b) The numbers of participants who complete one, two, three,  
21 or four years of qualifying clinical registered nursing or licensed  
22 vocational nursing service, respectively.

23 70136. On or before May 1, 2019, the Office of the Legislative  
24 Analyst shall submit a report to the Legislature that includes the  
25 findings and recommendations of the Legislative Analyst with  
26 respect to the efficacy of the program established by this article.

27 70137. Reports pursuant to Sections 70135 and 70136 shall be  
28 submitted pursuant to Section 9795 of the Government Code.

29 70138. In selecting applicants for participation in this program,  
30 the commission shall grant priority to applicants who, in the  
31 determination of the commission, are included in any of the  
32 following categories:

33 (a) Persons who possess a baccalaureate degree at the time of  
34 initial application.

35 (b) Persons who are enrolled in an accelerated program of  
36 professional preparation for licensing as a registered nurse or  
37 vocational nurse in California.

38 (c) Persons who are recipients of federally subsidized student  
39 loans or other need-based student loans.

1     70139. Notwithstanding any other law, in any fiscal year, the  
2     commission shall award no more than the number of warrants that  
3     are authorized in the annual Budget Act for that fiscal year for the  
4     assumption of loans pursuant to this article.

5     70140. This article shall become inoperative on July 1, 2020,  
6     and, as of January 1, 2021, is repealed, unless a later enacted  
7     statute, that becomes operative on or before January 1, 2021,  
8     deletes or extends the dates on which it becomes inoperative and  
9     is repealed.

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